DATE:

March 19, 1948

FROM:

Shanghai

TO:

Washington

METHOD:

Private Code.

S-271 FOR CHENNAULT WE CONSULTED CHANG KIANGAU WHO SHOWED US TSUYEE PEIS
CABLE QUOTING OUR REQUESTING PEI ASK CHANG FOR FOREIGN EXCHANGE FIFTEEN PLANES
AT FIFTEEN THOUSAND DOLLARS EACH STOP APPARENTLY PEI EITHER MISUNDERSTOOD
COST OR DID NOT UNDERSTAND FOREIGN EXCHANGE TWENTY FIVE THOUSAND EXTRA MAKE READY
DELIVERY PLANES STOP PRESENT STATE OF RECORD EMBARRASSING TO REQUEST SIX HUNDRED
THOUSAND STOP UNLESS PEI GOES FURTHER PERSONALLY ENDORSING PROJECT AND INCREASING
FIGURES BELIEVE VERY DESIRABLE ABANDON THIS AVENUE PARTICULARLY IN VIEW PEI
AND CHANG DIFFERENT POLITICAL CAMPS STOP CONSULT ALLMAN POSSIBLE "EX-IM" LOAN
THIS PURPOSE

APPROVED FOR RELEASE DATE: 23-Sep-2009